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CONGRESSIONAL RECORD — APPENDIX

This impression, false as it is, is being carefully spread, in an effort to develop a hysteria in Washington, in an effort to convert an essentially liberal Congress into an antiunion Legislature capable of exploiting tragic infiltration of crooks in a few unions to push through punitive class legislation that will strip our members of their power to defend their wage rates and their working conditions.

PROFITS AND WAGES

In the steel industry, the distortion is even more absurd. A conscious effort has been made to give steelworkers a guilt complex about seeking a small, well-justified wage increase. A long-term propaganda campaign has so thoroughly misled the public that they now frequently blame high prices on wage rates when, in fact, wage rates have little to do with prices.

I don't have to remind this audience that unit labor costs—not wage rates—influence prices. It's not how much a man earns, but how much he produces, that determines cost.

Somewhat, the American people and the Canadian people have been led to believe that high corporation profits are the just due of stockholders—economically desirable and socially admirable. On the other hand, any increase in the wage rates of workers is considered socially unjust and economically undesirable. Higher interest charges by banks and insurance companies are cheered—even when paid by a Government that is admonishing everyone else to reduce their demands for Government funds.

We used to be told that increased purchasing power would help Americans consume the products of our farms and factories. Today we are told that increased purchasing power is inflationary even when our industry is working at less than capacity.

The situation is no more absurd than if we began to believe that night is day and that up is down. Perhaps if enough newspapers and magazines and politicians uttered these absurdities often enough, people would believe them too.

The propaganda barrage, which is today victimizing the steel workers, was not prepared for them alone. We must expect that when our negotiations begin in a few months, the aerospace industry will not be outdone. Then the barrage will be aimed at our members, as today it is aimed at the steel workers.

TRUTH ABOUT INFLATION

Because we must be prepared to meet the same false issue when our negotiations open, let me remind you of the truth about inflation.

The truth is that for 60 years retail prices in the United States, have edged up on the average of $2\frac{1}{2}$ percent each year. A $2\frac{1}{2}$ -percent price increase a year has been normal in the United States. If prices begin to go up faster than normal, we would have some reason for concern and some reason to question our policies.

The truth is that prices have not been rising faster than normal. Over the past 10 years, prices have been going up more slowly than normal. The actual average increase in retail prices over the past 10 years has been 1.8 percent. Instead of inflation, we have been having deflation.

The danger of inflation is a false slogan coined by labor's enemies to talk away legitimate wage increases and to keep away our friends.

FOREIGN COMPETITION

Of course, dangerous inflation isn't the only false slogan we will face. There is also the charge that we are making it difficult for American industry to compete with foreign producers, that if we continue to push for higher wages and other cost items, we will make it impossible for them to compete.

The instinctive reaction of some management is to blame organized labor for most of our competitive problems.

Whatever the problem may be with foreign competition—and I am not going to belittle a very real problem—American industry will never be able to compete with the Japanese, with the Russians, or even with Germans on a basis of who can pay the lowest wages. That has never been the American way—I doubt it ever will be.

In the past, our industry has competed successfully, despite the fact that it paid the highest wages, maintained the best working conditions and just about the highest standard of living in the world.

Our industry has been able to compete successfully because wage rates do not determine prices. The labor cost in the price of any article is not the hourly wage rate, but the unit labor cost—the number of items the employees can produce or service in an hour.

American industry has dominated the world market because American labor is the most productive in the world—not because it is the cheapest, with the lowest standard of living.

In fairness, let me report to you that some executives agree with me on this. Recently, one—whom I shall not name—told me that after World War II, his company had licensed a Japanese firm to build one of its small planes, thinking the Japanese could best meet a growing demand in the South Pacific. This American company soon discovered that, despite what we would consider miserably low wage rates, costs of manufacturing this airplane were far higher in Japan than they were in the United States.

PRODUCTION IS KEY

Again I remind you that it is the unit labor cost, not wage rates, that influence the price of a commodity. Or, to put it another way, it isn't how much a man is paid but how much he produces that governs the cost.

Improved mechanization, increased ingenuity, and higher productivity are the methods by which we will beat the foreign competition—not by reducing the American standard of living.

As a matter of cold fact, American industry has improved its position—wage wise—in the last few years. Wage rates in the United States have gone up proportionately less since 1950 than they have in West Germany, Britain, Norway, and France.

Using 1950 as 100 in the index, hourly earnings in manufacturing industries in the United States are now about 141. In West Germany, the wage index is 166; in Berlin, 165; in Norway, 169; and in France, 202.

They can't successfully blame what is happening in foreign trade on union wage rates. The facts don't support them.

Surely the moment in the world struggle for freedom for dignity of the individual is no time to give up our fight for economic justice. The strength of the free world, the strength of democracy in the struggle against oppression, lies in the hope, the knowledge, the faith of free peoples.

Address by Hon. August E. Johansen

EXTENSION OF REMARKS

HON. DANIEL J. FLOOD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 25, 1959

Mr. FLOOD. Mr. Speaker, under leave to extend my remarks in the Record, I include the following address by

Congressman August E. JOHANSEN, of Michigan, to the 93d annual banquet, State Camp of Pennsylvania, Patriotic Order Sons of America, at the Abraham Lincoln Hotel, Reading, Pa., Monday evening, August 24, 1959:

THE WAR WE ARE WAGING

Mr. Toastmaster, members of the State Camp of Pennsylvania, Patriotic Order Sons of America, distinguished guests, ladies and gentlemen, I am greatly honored by the invitation to address your 93d annual banquet, in this 125th year of the Nation's oldest patriotic society of native Americans. I doubly appreciate your invitation because I have been advised that it was extended on the suggestion of two gentlemen whom I regard very highly.

One of these gentlemen is a most distinguished Pennsylvanian, a great American, and one of this Republic's very favorite Democrats, the Honorable FRANCIS E. WALLER, chairman of the House Committee on Un-American Activities, on which I am presently privileged to serve.

The other is the brilliant, enormously hard-working and completely dedicated staff director of that committee, Mr. Richard Arens.

The fact that both of these gentlemen are members of the Patriotic Order Sons of America is a tribute alike to them and to the order.

I hope you will pardon one further personal reference. I am happy to report that I have a relationship to the great State of Pennsylvania which I believe can be regarded as advantageous both to me and to the Keystone State.

The obvious advantage which I can claim is that I am a native of Pennsylvania. The advantage which the State can claim is that I was removed therefrom early in my first year of life, thereby absolving Pennsylvania of any responsibility for subsequent developments in my career—political or otherwise.

Mr. Toastmaster, since the subject of my address "The War We Are Waging," has to do with the international Communist conspiracy, and with the resistance of America and Americans to that conspiracy, my remarks would scarcely be realistic or timely if they ignored a major development which has occurred since I accepted your invitation.

I refer, of course, to the August 3 announcement of the impending visit of Premier Khrushchev to the United States and the scheduled return visit of the President of the United States to Soviet Russia.

In broaching this matter I am mindful of two admonitions. I recall the words of Ecclesiastes, or "The Preacher" that there is "a time to keep silence, and a time to speak." Perhaps the order in which the two alternatives are listed is itself a broad hint as to the proper priorities. Nevertheless, Ecclesiastes did make it clear that there is "a time to speak."

Furthermore, I also recall the admonition and warning of Abraham Lincoln that "to keep silent when one has the duty to speak out is a sin."

I would not knowingly be guilty of irresponsible or inflammatory speech, particularly in a matter as grave as this. But I believe that there are circumstances in which silence likewise can be irresponsible. I further believe that public silence, if widely and generally imposed or acquiesced in, either as a matter of supposed expediency, or because of moral indifference, or a "father knows best" state of mind, or an atmosphere of blackmail threats, could go far toward smothering out and suffocating the priceless flame of freedom and honest dissent.

Therefore, I have chosen to speak my judgment and my conscience on this matter again tonight, as I have already done on earlier occasions.